



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

October 27, 2011

LETTER FOR U.S. SECRETARY OF STATE
ASSISTANT SECRETARY OF STATE, BUREAU OF INTERNATIONAL
NARCOTICS AND LAW ENFORCEMENT AFFAIRS

SUBJECT: Status of International Narcotics Control and Law Enforcement Funds Allocated
for Iraq Reconstruction (SIGIR 12-003)

Public Law 108-106, as amended, requires that the Special Inspector General for Iraq Reconstruction (SIGIR) report on the oversight and accounting of funds obligated and expended for Iraq relief and reconstruction efforts. As a part of this effort, SIGIR has reported on the status of appropriated funds, such as the Iraq Relief and Reconstruction Fund 1 and 2¹, and other funds that have been used, such as the Development Fund for Iraq and the Seized and Vested Assets Fund.²

This report is on the status of International Narcotics Control and Law Enforcement (INCLE) funds allocated to the Department of State's (DoS) Bureau of International Narcotics and Law Enforcement Affairs (INL) for Iraq. Specifically, SIGIR is reporting on INCLE funds allocated for Iraq for fiscal years 2006 through 2010 that have been obligated and expended and that have expired. SIGIR and the DoS Office of Inspector General previously reported on the status of fiscal years 2003 to 2005 INCLE and other funds for Iraq programs allocated to INL.³

For fiscal years 2006 through 2010, SIGIR found that INCLE funds for Iraq in the DoS Budget Summary reports to the Congress matched the amounts reported in the INL Program reviews and DoS's Global Financial Management System. For fiscal years 2006 through 2010, funds totaling almost \$1.1 billion have been allocated for INL programs in Iraq. As of June 30, 2011, approximately \$845 million of the \$1.1 billion had been obligated and \$717 million had been expended. The majority of the unobligated and unexpended funds were allocated for fiscal year 2010. There were no expired funds as of June 30, 2011, and \$223 million had not been obligated.

¹*Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Canceled Funds*, SIGIR 11-007, 1/25/2011; and *Iraq Relief and Reconstruction Fund 2: Report on Apportionments, Expenditures, and Status at End of Fiscal Year 2010*, SIGIR 11-013, 4/22/2011.

²*Development Fund for Iraq: Department of Defense Needs To Improve Financial and Management Controls*, SIGIR 10-020, 7/7/2010, and *Guidance Needed for Use of Residual Iraqi Vested and Seized Asset Funds*, SIGIR 11-002, 10/15/2010.

³*Survey of the Status of Funding for Iraq Programs Allocated to the Department of State's Bureau of International Narcotics and Law Enforcement Affairs as of December 31, 2005*, SIGIR 06-018 and AUD/IQO-06-30, July 2006.

Background

INL is responsible for developing policies and managing programs to strengthen law enforcement and other rule of law institutional capabilities outside the United States. INCLE funds support INL's foreign policy objectives. In accordance with its responsibilities, INL has managed and supported programs since 2003 that assist the Government of Iraq in strengthening its criminal justice, law enforcement, and courts/judicial systems. INCLE funds from fiscal year 2006 through fiscal year 2009 were focused primarily in the criminal justice and corrections areas. Fiscal year 2010 funds continued programs in these two areas, but the bulk of the funds were focused on the Iraqi police development program. Responsibility for that program transferred from the Department of Defense to DoS on October 1, 2011, and fiscal year 2010 funds were to be used to support the program's start-up requirements.

INCLE Funding for Iraq

For fiscal year 2006 through fiscal year 2010, approximately \$1.1 billion of INCLE funds have been allocated for INL programs in Iraq. Table 1 shows the public laws and the funds allocated.

Table 1—Laws Appropriating INCLE Funds for Iraq (Fiscal Years 2006–2010)

Fiscal Year	Public Law	Title	Amount Allocated
2006	109-234	Emergency Supplemental Appropriations Act for Defense, The Global War on Terror, and Hurricane Recovery, 2006	\$91,400,000
2007	110-5	Revised Continuing Appropriations Resolution, 2007	20,048,000
2007	110-28	U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007	150,000,000
2008	110-252	Supplemental Appropriations Act, 2008	85,000,000
2009	111-32	Supplemental Appropriations Act, 2009	20,000,000
2010	111-117	Consolidated Appropriations Act, 2010	52,000,000
2010	111-212	Supplemental Appropriations Act, 2010	650,000,000
Total			\$1,068,448,000

Source: Public Laws information provided by INL.

Status of INCLE Funds for Iraq

As of June 30, 2011, the status of the approximately \$1.1 billion of INCLE funds allocated to INL for its Iraq programs was as follows: \$845.1 million had been obligated, and \$717.3 million had been expended. Table 2 shows the obligations and expenditures for each fiscal year allocation.

Table 2—Status of INCLE Funds for Iraq, as of June 30, 2011 (FYs 2006–2010)

Fiscal Year	Allocated	Obligated	Expended
2006	\$91,400,000	\$91,400,000	\$88,280,000
2007	170,048,000	166,402,000	150,716,000
2008	85,000,000	84,998,000	57,314,000
2009	20,000,000	20,000,000	10,435,000
2010	702,000,000	482,341,000	410,553,000
Total	\$1,068,448,000	\$845,141,000	\$717,298,000

Source: SIGIR compiled from INL data.

Table 3 shows the status of INCLE funds by program as of June 30, 2011.

Table 3—Status of Fiscal Years 2006–2010 INCLE Funds for Iraq by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Justice Integration	\$6,828	\$6,828	\$6,074
Public Integrity	31,657	29,657	23,721
Rule of Law Advisors	26,016	25,956	17,364
Courts	109,344	104,486	76,850
Legal Framework	2,520	2,507	2,507
Major Crimes Task Force	13,468	13,112	10,413
Police Advisors	663,060	457,617	405,597
Subtotal	852,893	640,163	542,526
Corrections			
Advisors	97,255	90,559	71,745
Construction	83,700	83,700	82,248
Subtotal	180,955	174,259	153,993
Counternarcotics	1,000	1,000	0
Deobligations^a		-3,632	
Other (Program Development & Support)^b	33,600	33,351	20,779
Total	\$1,068,448	\$845,141	\$717,298

Notes:

^a The deobligations amount comprises several items described further in Appendix B.

^b Program Development and Support Funds pay general and administrative expenses for operating INCLE foreign assistance programs. This could include salaries, benefits, allowances, and training of U.S. and locally engaged direct-hire and contract personnel. Funds could also pay for systems and tools for oversight and control, travel, and other costs for program planning, design, implementation, and monitoring and evaluation.

Source: SIGIR compiled from INL data.

As Table 3 shows, the largest program representing 62% of allocated funds is for police advisors. The next three largest programs—support for the Iraqi courts, corrections advisors, and corrections facilities—accounted for another 27% of the allocated funds. Appendix B shows the allocated, obligated, and expended funds by program and fiscal year funds.

There Are No Expired Funds

INCLE funds are available for obligation for two years. In addition, Section 511 of the fiscal year 2006 Foreign Operations Appropriation Act states, INCLE “funds shall remain available [for deobligation and reobligation] for an additional four years from the expiration date of the appropriation, as long as the funds were initially obligated before the appropriation expired.” The “511 authority” on availability of funds has been carried forward to appropriations for fiscal years 2007 through 2010 under the following provisions: Section 611 for fiscal years 2007 and 2008, and Section 7011 for fiscal years 2009 and 2010.

We verified that INCLE funds allocated for fiscal years 2006, 2007, and 2008 were obligated before the expiration dates of the appropriations. Therefore, they are available for obligation for a six-year period, and there are no expired funds.

Concluding Observation

We found no significant issues related to INCLE obligations and expenditures. INL allocated funds to support Iraq programs, and those funds are being obligated within their availability timeframes. Moreover, we found that allocated INCLE funds for Iraq in the DoS Budget Summary reports to the Congress matched the figures reported in the INL Program reviews and DoS’s Global Financial Management System.

Management Comments

Because this report did not contain recommendations, DoS was not required to, and did not, submit comments.

We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact Glenn D. Furbish, Assistant Inspector General for Audits (Washington, DC), (703) 604-1388/ glenn.furbish@sigir.mil or Jim Shafer, Principal Deputy Assistant Inspector General for Audits (Washington, DC), (703) 604-0894/ james.shafer@sigir.mil.

A handwritten signature in black ink, appearing to read "Stuart Bowen, Jr.", followed by a period.

Stuart W. Bowen, Jr.
Inspector General

Appendix A—Scope and Methodology

Scope and Methodology

In August 2010, the Special Inspector General for Iraq Reconstruction (SIGIR) announced Project 1021 to determine the status of the Department of State's (DoS) Bureau of International Narcotics and Law Enforcement Affairs (INL) International Narcotics Control and Law Enforcement (INCLE) funds used for the reconstruction of Iraq. SIGIR's objective for this report was to determine the amount of INCLE funds allocated for Iraq that have been obligated and expended and that have expired.

This audit was performed under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978, as amended. SIGIR conducted its review from March through September 2011 in the Washington, D.C. area.

To accomplish our objectives, we held discussions with and analyzed documents provided by INL officials. These documents included Program Overview and Budget Summary reports for the Congress for fiscal years 2006 through 2010, and INL financial data obtained from the DoS Global Financial Management System.

The INCLE funds for INL's Iraq program were often mixed with INCLE funds for INL programs in other countries and required SIGIR auditors to work with INL officials to determine the funds for Iraq. For example, the Supplemental Appropriations Act for fiscal year 2009 included \$20 million for INL for Iraq and Afghanistan. We were told by INL officials that the \$20 million was for only Iraq, despite being listed for both country programs.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Use of Computer-processed Data

We relied on computer-processed data contained in DoS's computerized Global Financial Management System; a web-based application, which supports financial accounting, funds control, management accounting, and financial reporting processes. According to DoS, this system comprises subsystems that include budget execution, travel, accounts payable, accounts receivable, planning, automated disbursement, general ledger, annual closing of books, acquisition and delivery of goods, and reporting. We did not assess the system's general controls, but cross-referenced the data with supplemental information obtained from the DoS Congressional Budget Overview and Summary Reports for fiscal years 2005 through 2011. Accordingly, we did not independently verify the detailed computer-generated information, but because these are basic accounting systems of the U.S. Government and the involved

organization, the data were the best available for purposes of our review, and we concluded that the data were sufficiently reliable to be used in meeting the audit objectives.

Internal Controls

In conducting the review, we discussed the DoS's internal and management control procedures to manage INL funds for Iraq.

Prior Coverage

We reviewed the following report prepared jointly by SIGIR and the Department of State Office of Inspector General.

Survey of the Status of Funding for Iraq Programs Allocated to the Department of State's Bureau of International Narcotics and Law Enforcement Affairs as of December 31, 2005, SIGIR 06-018, AUD/IQO-06-30, July 2006.

Appendix B—Status of INCLE Funds for Iraq for Fiscal Years 2006–2010 by Appropriation and Programs

Tables 4 through 10 show the status of INCLE funds for Iraq for fiscal years 2006 through 2010 by allocation and programs, as of June 30, 2011.

Table 4—Status of INCLE Funds in Emergency Supplemental Appropriations Act for Fiscal Year 2006 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Rule of Law Advisors	\$7,700	\$7,700	\$6,032
Corrections			
Construction	83,700	83,700	82,248
Total	\$91,400	\$91,400	\$88,280

Source: SIGIR compiled from INL data.

Table 5—Status of INCLE Funds in Continuing Resolution Act for Fiscal Year 2007 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Justice Integration	\$1,741	\$1,741	\$1,096
Public Integrity	2,447	2,447	2,312
Rule of Law Advisors	506	517	517
Courts	1,174	1,174	746
Legal Framework	520	507	507
Major Crimes Task Force	1,168	1,168	1,175 ^a
Corrections			
Advisors	8,992	8,992	8,933
Deobligations^b			
		-3,568	
Other (Program Development & Support)^c			
	3,500	3,500	2,815
Total	\$20,048	\$16,478	\$18,101

Notes:

^a This was an Intra-Governmental Payment and collection charge from the Department of Justice that required reconciliation. INL completed this reconciliation and the account will be balanced and reported correctly.

^b Deobligated due to Travel and Contract Close Outs.

^c Program Development and Support Funds pay general and administrative expenses for operating INCLE foreign assistance programs. This could include salaries, benefits, allowances, and training of U.S. and locally engaged direct-hire and contract personnel. Funds could also pay for systems and tools for oversight and control, travel, and other costs for program planning, design, implementation, and monitoring and evaluation.

Source: SIGIR compiled from INL data.

Table 6—Status of INCLE Funds in Iraq Accountability Appropriations Act for Fiscal Year 2007 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Justice Integration	\$5,087	\$5,087	\$4,978
Public Integrity	21,000	21,000	20,444
Rule of Law Advisors	5,600	5,600	4,850
Courts	52,150	52,150	46,246
Legal Framework	2,000	2,000	2,000
Major Crimes Task Force	11,000	11,000	9,238
Police Advisors	500	500	424
Corrections			
Advisors	39,563	39,563	37,118
Deobligations^a		-76	
Other (Program Development & Support)^b	13,100	13,100	7,317
Total	\$150,000	\$149,924	\$132,615

Notes:

^a Deobligation is from travel account.

^b Program Development and Support Funds pay general and administrative expenses for operating INCLE foreign assistance programs. This could include salaries, benefits, allowances, and training of U.S. and locally engaged direct-hire and contract personnel. Funds could also pay for systems and tools for oversight and control, travel, and other costs for program planning, design, implementation, and monitoring and evaluation.

Source: SIGIR compiled from INL data.

Table 7—Status of INCLE Funds in Supplemental Appropriations Act for Fiscal Year 2008 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Public Integrity	\$6,210	\$6,210	\$965
Rule of Law Advisors	5,210	5,233	3,606
Courts	35,320	35,320	24,815
Police Advisors	560	537	382
Corrections			
Advisors	31,700	31,700	22,278
Deobligations^a		-2	
Other (Program Development & Support)^b	6,000	6,000	5,268
Total	\$85,000	\$84,998	\$57,314

Notes:

^a Deobligation is from recurring obligations.

^b Program Development and Support Funds pay general and administrative expenses for operating INCLE foreign assistance programs. This could include salaries, benefits, allowances, and training of U.S. and locally engaged direct-hire and contract personnel. Funds could also pay for systems and tools for oversight and control, travel, and other costs for program planning, design, implementation, and monitoring and evaluation.

Source: SIGIR compiled from INL data.

Table 8—Status of INCLE Funds in Supplemental Appropriations Act for Fiscal Year 2009 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Rule of Law Advisors	\$3,000	\$3,000	\$2,359
Courts	9,000	9,000	4,232
Police Advisors	5,000	5,000	1,012
Other (Program Development & Support)^a	3,000	3,000	2,832
Total	\$20,000	\$20,000	\$10,435

Note:

^a Program Development and Support Funds pay general and administrative expenses for operating INCLE foreign assistance programs. This could include salaries, benefits, allowances, and training of U.S. and locally engaged direct-hire and contract personnel. Funds could also pay for systems and tools for oversight and control, travel, and other costs for program planning, design, implementation, and monitoring and evaluation.

Source: SIGIR compiled from INL data.

Table 9—Status of INCLE Funds in Consolidated Appropriations Act for Fiscal Year 2010 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Public Integrity	\$2,000	\$0	\$0
Rule of Law Advisors	4,000	3,906	0
Courts	11,700	6,842	811
Major Crimes Task Force	1,300	944	0
Police Advisors	7,000	5,995	894
Corrections			
Advisors	17,000	10,304	3,416
Counternarcotics	1,000	1,000	0
Other (Program Development & Support)^a	8,000	7,751	2,547
Total	\$52,000	\$36,742	\$7,668

Note:

^a Program Development and Support Funds pay general and administrative expenses for operating INCLE foreign assistance programs. This could include salaries, benefits, allowances, and training of U.S. and locally engaged direct-hire and contract personnel. Funds could also pay for systems and tools for oversight and control, travel, and other costs for program planning, design, implementation, and monitoring and evaluation.

Source: SIGIR compiled from INL data.

Table 10—Status of INCLE Funds in Supplemental Appropriation Act for Fiscal Year 2010 by Program, as of June 30, 2011 (\$ in thousands)

INL Program	Allocated	Obligated	Expended
Criminal Justice			
Police Advisors	\$650,000	\$445,585	\$402,885
Deobligations^a		14	
Total	\$650,000	\$445,599	\$402,885

Note:

^aThe deobligated funds were added to the INCLE account due to a fee adjustment that lowered the costs of a contract.

Source: SIGIR compiled from INL data.

Appendix C—Acronyms

Acronym	Description
DoS	Department of State
INCLE	International Narcotics Control and Law Enforcement
INL	Bureau of International Narcotics and Law Enforcement Affairs
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix D—Audit Team Members

This report was prepared and the audit conducted under the direction of Glenn D. Furbish, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the audit and contributed to the report include:

Robert Pelletier

James Smith

William Whitehead

Appendix E—SIGIR Mission and Contact Information

SIGIR’s Mission

Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- oversight and review through comprehensive audits, inspections, and investigations
- advice and recommendations on policies to promote economy, efficiency, and effectiveness
- deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse
- information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports

Obtaining Copies of SIGIR Reports and Testimonies

To obtain copies of SIGIR documents at no cost, go to SIGIR’s Web site (www.sigir.mil).

To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs

Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline:

- Web: www.sigir.mil/submit_fraud.html
- Phone: 703-602-4063
- Toll Free: 866-301-2003

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